

AGENDA
Special Meeting of the Governing Body of the
Alameda Reuse and Redevelopment Authority

**Alameda City Hall
Council Chamber, Room 391
2263 Santa Clara Avenue
Alameda, CA 94501**

**Wednesday, April 4, 2007
Meeting will begin at 6:00 p.m.**

1. ROLL CALL

2. Public Comment on Non-Agenda Items Only.

Anyone wishing to address the Board on non-agenda items only, may speak for a maximum of 3 minutes per item.

3. ADJOURNMENT TO CLOSED SESSION OF THE ARRA TO CONSIDER:

3-A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR:

Property: Alameda Naval Air Station
Negotiating parties: ARRA and Alameda Point Tenants (ANAM; USS Hornet; Puget Sound International)
Under negotiation: Price and Terms

3-B. CONFERENCE WITH REAL PROPERTY NEGOTIATOR:

Property: Alameda Naval Air Station
Negotiating parties: ARRA and Alameda Point Tenants (Edge Innovations)
Under negotiation: Price and Terms

3-C. CONFERENCE WITH LEGAL COUNSEL

Initiation of Litigation (Gov. Code section 54956.9(c))
Number of cases: 1

Announcement of Action Taken in Closed Session, if any.

4. ADJOURNMENT

Notes:

- Sign language interpreters will be available on request. Please contact the ARRA Secretary at 749-5800 at least 72 hours before the meeting to request an interpreter.
- Accessible seating for persons with disabilities (including those using wheelchairs) is available. Minutes of the meeting are available in enlarged print.
- Audio tapes of the meeting are available for review at the ARRA offices upon request.

Special ARRA Closed Session
Council Chamber, Room 391
April 4, 2007 6:00 p.m.

Items 3-A, 3-B, 3-C

Staff reports for these items are being
sent under separate cover from the
City Attorney's office.

AGENDA
Regular Meeting of the Governing Body of the
Alameda Reuse and Redevelopment Authority

Alameda City Hall
Council Chamber, Room 390
2263 Santa Clara Avenue
Alameda, CA 94501

Wednesday, April 4, 2007
Meeting will begin at 7:00 p.m.

1. ROLL CALL

2. CONSENT CALENDAR

Consent Calendar items are considered routine and will be enacted, approved or adopted by one motion unless a request for removal for discussion or explanation is received from the Board or a member of the public.

2-A. Approve the minutes of the Regular Meeting of February 7, 2007.

2-B. Approve Subleases for Trans-Freight Express and Bay Ship & Yacht at Alameda Point.

3. REGULAR AGENDA ITEMS

3-A. Selection of a New Alameda Point Master Developer.

4. ORAL REPORTS

4-A. Oral report from Member Matarrese, Restoration Advisory Board (RAB) representative.

5. ORAL COMMUNICATIONS, NON-AGENDA (PUBLIC COMMENT)

(Any person may address the governing body in regard to any matter over which the governing body has jurisdiction that is not on the agenda.)

6. COMMUNICATIONS FROM THE GOVERNING BODY

7. ADJOURNMENT

This meeting will be cablecast live on channel 15.

Notes:

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- Minutes of the meeting are available in enlarged print.
- Audio tapes of the meeting are available for review at the ARRA offices upon request.

**UNAPPROVED
MINUTES OF THE REGULAR MEETING OF THE
ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY**

Wednesday, February 7, 2007

2-A

The meeting convened at 7:42 p.m. with Chair Johnson presiding.

1. ROLL CALL

Present: Beverly Johnson, Chair of Alameda
Marie Gilmore, Boardmember, City of Alameda
Doug deHaan, Boardmember, City of Alameda
Frank Matarrese, Boardmember, City of Alameda
Lena Tam, Boardmember, City of Alameda

2. CONSENT CALENDAR

- 2-A. Approve the minutes of the Special Meeting of January 2, 2007.
- 2-B. Approve the minutes of the Special Meeting of January 16, 2007.
- 2-C. Approve Sublease for Tenant at Alameda Point.

Approval of the consent calendar was motioned by Member Tam, seconded by Member Matarrese and passed by the following voice vote: Ayes – 5; Noes – 0; Abstentions – 0.

3. REGULAR AGENDA ITEMS

- 3-A. Selection of a New Master Developer for Alameda Point.

Each of the four master developer teams provided a formal presentation to the Board, in the following order, chosen at random: Lennar, Suncal, United World Infrastructure, Catellus. After the formal presentations, there were several public speakers, most of who encouraged the Board to not make a selection tonight and/or until further information was provided by each of the teams. At approximately 9:50 p.m., Chair Johnson closed the public comment period and recessed the meeting for 10 minutes. After the recess, each team approached the podium and answered questions from the Board. Because of the in-depth nature of the questions, the Board allowed the teams an opportunity to take the questions as “homework” and provide responses at a later date to be determined.

The Board requested canceling the Regular ARRA meeting of March 7 to consider scheduling a Special ARRA Meeting on March 21 to continue this item. The Regular ARRA meeting of April 4 will be the fall-back date in case staff isn’t ready by 3/21.

4. ORAL REPORTS

4-A. Oral report from Member Matarrese, RAB representative.

The RAB meeting on Feb. 1 gave a very interesting presentation on heat removal of volatile materials in the groundwater and in the soil. Apparently when the electro-heaters are activated, they use more electricity than the entire rest of the island. It heats the grounds up to 28 feet deep up to 98 degrees C, which is just under boiling. It takes approximately 1.5 years to cool back down but is a very effective means of remediation currently in progress at two sites: Bldg 360 (Phase 2 and very contaminated), and Parcel 17 near the seaplane lagoon east. There was also an update of that area with a data gap sampling near the Hornet soccer field and bay trail. Surface samples upwind of the Hornet soccer field was highlighted as an area of concern.

5. ORAL COMMUNICATIONS, NON-AGENDA (PUBLIC COMMENT)

Eugenie Young spoke about the cruise ship opportunities at Alameda Point.

At approximately 11:52 p.m., **Member Matarrese moved to continue the meeting beyond midnight, seconded by Member Gilmore and passed by the following voice vote: Ayes - 5, Noes - 0, Abstentions - 0.**

Bill Smith spoke about various topics.

6. COMMUNICATIONS FROM THE GOVERNING BODY

None.

7. ADJOURNMENT

Meeting was adjourned at 11:59 p.m with a moment of silence in honor of Assistant City Attorney, Byron Toma's father, Takeyuki Toma, aka "Dick" Toma, who passed away this weekend. He served in WWII as part of the 447th Japanese American Regiment.

Respectfully submitted,



Irma Glidden
ARRA Secretary

Alameda Reuse and Redevelopment Authority
Interoffice Memorandum

2-B

April 4, 2007

TO: Honorable Chair and Members of the
Alameda Reuse and Redevelopment Authority

FROM: Debra Kurita, Executive Director

SUBJ: Approve Subleases for Trans-Freight Express and Bay Ship & Yacht at Alameda Point

Background

In December 2004, the ARRA Governing Body elected to approve all Alameda Point subleases with a lease term greater than a one-year. The ARRA had previously had a 7-year threshold, but in order to actively ensure that leasing would not interfere with development, the ARRA wanted increased oversight. The ARRA desired to not make this a cumbersome process, and requested a brief Consent Calendar report on routine leases and renewals. New, longer term and more complex leases would be considered on the Regular agenda.

Discussion

Attachment "A" describes the business terms for the proposed subleases. Trans-Freight Express and Bay Ship & Yacht are existing tenants requesting a 2 year and 1 year lease respectively. The 1-year lease extends Bay Ship & Yacht's total lease term to 3 years, therefore ARRA approval is required.

Fiscal Impact

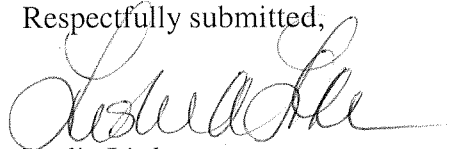
The rent for TRANS-FREIGHT EXPRESS is \$63,936 annually or \$0.10 per sq. foot. This is a ground lease within a fenced and screened yard that is 53,280 sq. ft. or 1.22 acres. The lot on West Trident, located between the Navy's building #112 and warehouse #117 which houses Delphi Productions and Architectural Glass & Aluminum, will hold automobiles until they are ready to be shipped to overseas sites.

The rent for BAY SHIP & YACHT is \$127,308 annually or \$0.16 per sq. ft. for a 65,000 sq. ft. warehouse. This is a renewal lease for in Building 400A. Bay Ship & Yacht recently completed the restoration of the lumber schooner CA Thayer in this building. Building 400A is a former aircraft repair hangar in good condition.

Recommendation

Approve the proposed subleases.

Respectfully submitted,



Leslie Little
Development Services Director



By: Nanette Banks
Finance & Administration Manager

Attachment: A. Proposed Sublease Business Terms
B. Site Map

ATTACHMENT A
PROPOSED SUBLEASE BUSINESS TERMS

TENANT	BUILDING	SIZE (SF)	TERM	RENT
Trans-Freight Express	Fenced Lot	53,280	2 yrs	\$5,328/mo.
Bay Ship & Yacht	400A	65,000	1 yr	\$10,609/mo.

[illegible]

BAY SHIP & YACHT
TRANS-FREIGHT EXPRESS

Alameda Reuse and Redevelopment Authority

Interoffice Memorandum

3-A

April 4, 2007

TO: Honorable Chair and Members of the
Alameda Reuse and Redevelopment Authority

FROM: Debra Kurita
Executive Director

SUBJECT: Selection of New Master Developer for Alameda Point

BACKGROUND

On September 21, 2006, Alameda Point Community Partners (APCP) withdrew as the Alameda Reuse and Redevelopment Authority's (ARRA) master developer for Alameda Point. Following APCP's notice that it would not be moving forward with developing Alameda Point, the ARRA authorized staff to issue a Request for Qualifications (RFQ) to select a new Alameda Point master developer. That process has been underway since October 2006.

On December 4, 2006, the ARRA received five responses to its RFQ. Responding developers were: Catellus, Corky McMillin Companies, Lennar, SunCal, and United World Infrastructure (UWI). Corky McMillin Companies withdrew from consideration in mid-January 2007. The ARRA sponsored a community-wide Open House on January 23, 2007. The Open House provided an opportunity for residents and others to meet the four prospective master developers and hear about future development at Alameda Point. Over 200 people participated in the Open House.

DISCUSSION

On February 7, 2007, the four prospective development teams made formal presentations to the ARRA Board. The ARRA had a number of follow-up questions for the developers. The follow-up questions were provided in writing to each team and responses were due on March 1, 2007. UWI requested a one-week extension, which was granted. On March 5, 2007, UWI withdrew from consideration and the three remaining developers submitted their responses to the ARRA Board's questions on March 8, 2007. The questions and the teams' responses were posted on the project web site (www.alameda-point.com), made available at the Main Library and City Clerk's office and provided to the ARRA Board under separate cover.

Summary of Responses to Follow-up Questions

The evaluation team, made up of Alameda Point project staff and the ARRA's financial consultant, reviewed the responses to the follow-up questions. A summary of the responses to the follow-up questions is attached. Each of the three teams was asked the same 13 questions and each team was asked two questions specific to its response to the RFQ/presentation to the ARRA, for a total of 15 questions. The Summary highlights the differences in responses to each question to refine the distinction, emphasis, approach to development, vision, experience, etc. among the three teams. If

the responses were generally the same for each team, that was noted. If the responses were clearly different, these differences were captured.

For example, the three development teams all indicated that they were committed to incorporating green building practices into the project and achieving a sustainable development with the minimum environmental footprint. However, in response to a question regarding which elements of the draft conveyance term sheet with the Navy would need to be modified, answers ranged from no change to re-visiting the assumptions upon which the purchase price was negotiated. These similarities and differences across the 13 questions are the basis of the Summary. A synopsis of the two questions specific to each development team is also provided.

In addition to providing a review of key differences and similarities in the responses to the follow-up questions, the evaluation team clarified two specific comments, one in Catellus' response and the other in SunCal's response. Answering the question regarding the use of tax increment financing, Catellus stated it would use tax increment funds for "infrastructure improvements and land." Catellus clarified that it would not use tax increment funds for land acquisition and said the inclusion of "land" was a typo. In response to a question regarding each developer's required Internal Rate of Return (IRR), or profit, SunCal stated a requirement for a 20 – 25% "leveraged" return. This would correspond to an "unleveraged" IRR of 10-12%. SunCal clarified that its required return is 20 – 25% "unleveraged", which is consistent with the 20–22% and 25% unleveraged returns noted by Catellus and Lennar respectively.

Next Steps

Each development team prepared a response to the RFQ, participated in a Community Open House, made a presentation to the ARRA Board, and provided responses to follow-up questions. Each team will also be available at the April 4 ARRA meeting to answer any additional questions. If the ARRA Board determines it has sufficient information to select a new master developer, the attached form of a Memorandum of Agreement would be used to govern the 60-day due diligence period.

The 60-day due diligence period is the next step in the process of finalizing the selection of a new master developer for Alameda Point. The selected master developer would have a 60-day timeframe to exclusively negotiate an agreement (Exclusive Negotiation Agreement (ENA)) that would include the next 24-months and define key milestones of the entitlement and conveyance process. The selected master developer will be required to provide a non-refundable deposit of \$100,000 at the beginning of the 60-day period; at the end of that time, the selected master developer will either elect to go forward with the project, deposit \$900,000 and execute the ENA or decline to proceed as the master developer.

If the selected master developer declines to proceed with the project, it will forfeit the \$100,000 deposit. If the selected master developer elects to proceed but does not complete the entitlement and conveyance process it will forfeit the \$900,000 deposit, in addition to the previous \$100,000 deposit.

If the project is ultimately entitled and the land is conveyed, the \$1,000,000 deposit will be credited to the land purchase price.

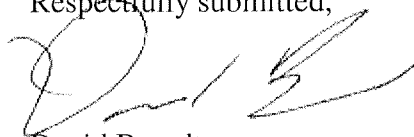
FISCAL IMPACT

Selecting a new master developer does not impact the City's General Fund. Once the selected developer elects to proceed with the project and enter into an ENA, there will be provisions for full cost recovery for the City's staff and associated third party costs to entitle and convey the property.

RECOMMENDATION

Select a new Alameda Point master developer and authorize the Executive Director to execute a Memorandum of Agreement with the new master developer for the 60-day due diligence period.

Respectfully submitted,



David Brandt
Assistant City Manager



By: Debbie Potter
Base Reuse & Community Development Manager

Attachments:

- A. Summary of Responses to Follow-up Questions
- B. Form of Memorandum of Agreement

**SUMMARY OF PROSPECTIVE MASTER DEVELOPER RESPONSES
TO FOLLOW-UP QUESTIONS FROM THE
FEBRUARY 7, 2007 ARRA BOARD MEETING**

QUESTIONS FOR ALL DEVELOPERS

- 1. Please describe your firm's experience with military base closure and dealings with the Navy, and the remediation and redevelopment of Superfund sites.**

All three firms have experience with the redevelopment of military properties and development of master plans requiring extensive environmental remediation. Lennar has the most direct experience with military base reuse and dealings with the Navy, including the redevelopment of Hunters Point, Mare Island, and Treasure Island. Catellus and SunCal also have experience redeveloping former military properties, although less experience than Lennar. Each of the three firms has experience with environmental remediation of large-scale sites, although Lennar is the only firm that cited actual "Superfund" sites in its experience as a corporation.

- 2. Please describe your firm's experience in green building, and conceptual approach to green building at Alameda Point. Please also describe any positive or negative impacts that making Alameda Point a 100 percent green project would have on the project economics.**

All three firms indicated an interest and commitment to advancing green building concepts at Alameda Point. Catellus cited its experience with specific buildings and master plans that are underway, as well as its unique membership in a legally binding greenhouse gas reduction program, the "Chicago Climate Exchange." In addition, Catellus indicated that it "sees only positive benefits to making Alameda Point an entirely green/sustainable development." Both Lennar and SunCal also have experience in green building projects, but both also cited increased costs associated with such projects, with Lennar noting that sustainable concepts "can be achieved with minimal economic impact". SunCal also suggested that the increased green building costs could require some form of subsidy by the developer or community.

- 3. How can the City be assured that your firm will make necessary investments consistently and on a timely basis as needed? Please describe your firm's internal process for making development and investment decisions. Also, please provide documentation of your firm's commitment and recommended mechanisms for assuring the availability of capital for property acquisition, developer and City predevelopment costs, environmental remediation, and development.**

All three firms have substantial access to capital, and have indicated a commitment to timely investments and a track record of meeting similar commitments in past projects. Catellus is the only firm that anticipates being "self-financed" and thus requires less internal discussion and negotiation prior to making capital investments. Lennar and

SunCal both anticipate having financial partners, who will need to be consulted prior to major capital outlays and whose risk/return parameters may differ from the primary developer's.

4. In what ways would you expect the business terms contained in the draft conveyance term sheet between the ARRA and the Navy to be changed to improve the feasibility of the project?

Lennar and SunCal both anticipate pursuing potentially substantial changes to the current terms. Lennar would seek to update the assumptions used to derive the \$108.5 million purchase "price" (land payments and in-kind environmental remediation) as well as waiting to determine the actual price until the development program is finalized in a DDA. SunCal would seek rights to Phase 3 of Alameda Point (at fair market value) in exchange for entitlement of that portion of the property, and would also seek changes to the timing of certain payments. Catellus "does not expect to need to change the terms contained in the conveyance term sheet between the ARRA and the Navy."

5. How does your firm's vision conform to or vary from the goals of the PDC, the need for environmental remediation, and the constraints of Measure A?

Each of the three firms has indicated a commitment to the overall goals of the PDC, but acknowledges that specific plan refinements are likely, given the "preliminary" nature of the PDC. Each firm also anticipates substantial public outreach as part of finalizing its development plan. SunCal has expressed concern that the retail program assumed in the PDC may not be supportable by the envisioned population density, and has suggested that affordable housing goals might be furthered by incorporating employee housing into an office campus. Lennar would like to carry out the goals of the PDC in a manner that incorporates best practices of sustainable design, including integration and preservation of historic resources. Catellus indicates an interest in revisiting the historic preservation and adaptive reuse program, potentially preserving more existing buildings including the "Big Whites" and the BOQ as a residential development.

6. Please discuss the impacts of Measure A on maximizing "green" development and ensuring an economically viable project at Alameda Point.

All three firms acknowledged that Measure A counters certain key intentions of green building by limiting the density of population around transit stops (thus making transit less viable), adversely impacting efforts to reduce auto trips by encouraging mixed-use development, and limiting the viable reuse of certain existing buildings by precluding conversion for marketable residential uses. The firms also indicate that, without Measure A, the Alameda Point project could provide a wider range of product types for a more socially and economically diverse population, and could reduce the need and costs for environmental remediation. All three firms have expressed an interest or willingness to discuss these and other impacts of Measure A in an open community dialogue, but have not indicated that an exemption from or change to Measure A is required to proceed with development.

7. Please describe your firm's expected timeline for development, including plan refinement, entitlements, groundbreaking, and project phasing.

All three firms have indicated that they would expect to complete the planning and entitlement process within roughly two years, conduct environmental remediation and infrastructure improvements for roughly one additional year, and commence construction of residential and commercial uses by 2010. Phasing would be dictated by both market conditions and the environmental remediation schedule.

8. Please describe the economic relationship between the residential and commercial aspects of the development project – e.g., will residential values “drive” the project?

All three firms have indicated that both the residential and commercial portions of the project are critical to its success, and that they would seek an ongoing balance of both uses throughout the project.

9. How does your firm envision utilizing tax increment financing, and what assurances will the City receive that tax increment will be used only as necessary?

All three firms intend to use tax increment financing to the extent available and financially necessary, and allowable by law.

10. What is your internal rate of return (IRR) goal for the Alameda Point project, and on what is that rate based?

Catellus has indicated an IRR goal of 20 to 22 percent, while SunCal has suggested 20 to 25 percent, and Lennar has indicated a minimum of 25 percent.

11. Please describe the nature and timing of your firm's proposed transit services for Alameda Point.

Lennar envisions free shuttles connecting Alameda Point to the rest of Alameda, as well as ferries and other regional transit services, but the timing of either the local or regional connections is unspecified. SunCal stresses the importance of regional transportation solutions, and indicates that early transit services and investments at Alameda Point may not succeed due to lack of patronage. SunCal proposes that the first transit service would be shuttles connecting to larger transit systems, but has not indicated when such shuttles would be offered. Catellus has expressed a commitment to “day one” transit improvements such as buses, and that larger scale services such as ferry improvements and bus rapid transit would be incorporated over time.

12. Will you work with Alameda Power & Telecom (AP&T) to enter into preferred provider marketing agreements for telecommunications services, including bulk serving arrangement to provide telecommunication services on a universal basis at Alameda Point?

Catellus has committed to entering such agreements with AP&T. Lennar has also committed to such agreements "to the extent allowable by law and best management practices." SunCal expressed a willingness to discuss such an agreement with AP&T, but would not commit to such agreement at this time.

13. Please describe your approach to addressing the historic preservation concerns expressed by the Alameda Architectural Preservation Society.

All three firms expressed an interest in revisiting the PDC for preservation, rehabilitation, and reuse of the contributing historic buildings and resources at Alameda Point, with the intent of maximizing the historic preservation program.

CATELLUS

- 1. If selected, will Catellus' investment in multiple and expansive projects in Alameda represent too little diversification of its activities? Similarly, will the City be at greater risk of having development on multiple key projects interrupted by dynamics at a single company (ProLogis)?**

Catellus has cited its vast portfolio of international holdings and development projects as indication of its diversification. The firm also cites its status as a "known quantity" to the City and its interest in enhancing its previous and ongoing investments in Alameda as factors that will mitigate rather than increase the City's risk.

- 2. How can Alameda be assured that the Alameda Point project will continue to be a top priority for Catellus through multiple business cycles, and that capital will be allocated to allow development to proceed as expeditiously as possible?**

Catellus plans to dedicate a project team to the Alameda Point project during the planning and entitlement phase, and its construction management staff at Mission Bay will be available when Alameda Point is ready for construction. Catellus also cites Alameda Point as an "unrivaled" opportunity for "providing additional development assets in one of the most strategically located markets in the world," and states that Alameda Point would play a "very important strategic role" in the company's continued growth and diversification objectives. Finally, Catellus cites Mission Bay and Alameda Landing as indications of their commitment to continuing work on major projects through multiple business cycles.

LENNAR

- 1. How can Alameda be assured that the Alameda Point project will continue to be a top priority for Lennar through multiple business cycles, and that capital will be allocated to allow development to proceed as expeditiously as possible?**

Lennar cites the company's understanding of the long-term nature of military base reuse projects, and track record of "allocating sustained and substantial capital to these projects." Several comparable Lennar projects are expected to be built out over 10 to 15 year horizons, involving multiple business cycles, and the company's specialization in base reuse illustrates its institutional understanding of such projects' requirements.

- 2. Please provide information on legal or regulatory proceedings or negotiations regarding the historic preservation program at Mare Island, and the outcomes or current status of those proceedings.**

Lennar describes a five-year process of negotiating the preservation of historic resources in the Mare Island Specific Plan. During the planning process, the National Historic Trust and Vallejo Heritage Preservation Society voiced concerns that were incorporated into the negotiations and plan, including the requirements that additional resources be preserved and that any demolition be preceded by additional analysis, documentation, and approval by the City of Vallejo's Architectural Heritage and Landmarks Commission (AHLC). Following these negotiations, the Specific Plan was approved by the AHLC and adopted by City Council, and Lennar continues to work with the AHLC on the preservation guidelines. Lennar indicates that no legal action has ever been brought against the company regarding historic preservation at Mare Island.

SUNCAL

- 1. Please describe how SunCal's financial partnering may affect the decision-making process for capital calls under dynamic market conditions.**

SunCal states that the firm's success and growth is reliant upon securing funding commitments "prior to making commitments to sellers such as ARRA." The firm does acknowledge that projects are continually reviewed and "scrubbed" every six months to update the business plan in response to changing conditions. SunCal cites its Bickford Ranch project as an example where changing parameters for its financial partners have required changes to the overall development plan, but state that the result was an improved development with lower risk and higher sustainability measures.

- 2. Please describe SunCal's existing relationships with commercial builders and others who may be involved in implementing the non-residential portions of the Alameda Point development, including the adaptive reuse.**

SunCal states that it is currently "working with Tesla Motors" to locate a manufacturing facility near a SunCal project in New Mexico, although it appears this agreement is not yet finalized. SunCal also cites the presence of "extensive commercial holdings" in various projects, although they indicate that this amounts to roughly 350 acres in 70 different projects, or roughly five acres per project. SunCal states that, in past projects, it has sold land to commercial developers, entered joint ventures with commercial developers, or developed commercial centers themselves.

ALAMEDA POINT MEMORANDUM OF AGREEMENT

THIS ALAMEDA POINT MEMORANDUM OF AGREEMENT (the "Agreement") is entered into this day of , 2007 ("**Agreement Date**"), by and between the **ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY**, a public entity lawfully created and existing under the laws of the State of California ("**ARRA**"), and [NAME OF DEVELOPER], a Limited Liability Company (the "**Developer**"). Alameda and Developer are collectively referred to as the "**Parties**."

In consideration of the mutual covenants contained herein, ARRA and Developer agree as follows:

1. ARRA and Developer shall negotiate exclusively and in good faith for sixty (60) days from the Agreement Date to finalize an Exclusive Negotiating Agreement (ENA) for the redevelopment of Alameda Point. A form ENA shall be provided to Developer.
2. ARRA acknowledges receipt of \$20,000 paid by Developer to ARRA as required by the October 19, 2006, Request for Qualifications for an Alameda Point master developer. Within five (5) calendar days of ARRA approval of this Agreement, Developer shall pay \$100,000 to ARRA. Developer agrees that ARRA is entitled to keep the \$100,000, and Developer expressly waives all right to a refund of any or all of the \$100,000 for any reason, including Developer withdrawal during the 60-day duration of this Agreement.
3. The duration of this Agreement may be extended only by mutual agreement in writing.
4. Developer acknowledges that it will be required to pay to ARRA \$900,000 upon approval of the ENA by the ARRA and execution by both Parties according to the terms set forth in the ENA.
5. The Parties acknowledge that, except for the Community Reuse Plan and the Alameda Point General Plan Amendment, no plan or entitlements have been approved for Alameda Point. The Parties further acknowledge that if an ENA is executed between the Parties, the ENA will provide for Developer to submit applications for all necessary approvals and entitlements and that appropriate environmental documentation will be required prior to any ARRA, City of Alameda Community Improvements Commission ("CIC") or City of Alameda ("City") approvals. By executing this Agreement, ARRA is not committing itself to, or agreeing to undertake any: (1) exchange or transfer of land; (2) disposition of land to the Developer; or (3) other acts or activities requiring the subsequent independent exercise of discretion by the ARRA, the CIC, the City or any agency or department thereof. This Agreement does not constitute a disposition or exchange of property by the ARRA, the City or the CIC. Execution of this Agreement by ARRA is merely an agreement to enter into a period of exclusive negotiations according to the terms thereof, reserving final discretion and approval by the CIC Board of Directors, the ARRA Board of Directors or the City Council as to an ENA, Disposition and Development Agreement, Development Agreement, or any other agreement(s) or entitlement(s) contemplated in this Agreement and all proceedings

and decisions in connection therewith.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of California. This Agreement contains the entire agreement between the Parties regarding exclusive negotiations to finalize an ENA for redevelopment of Alameda Point. This Agreement may be modified only by written agreement signed by the parties hereto.

IN WITNESS WHEREOF, the Parties, who have had the opportunity to consult with their attorneys with respect hereto and who fully and completely understand the terms and provisions hereof, have executed this Agreement as of the Agreement Date. The effective date of this Agreement shall be the Agreement Date.

DEVELOPER

ALAMEDA REUSE AND
REDEVELOPMENT AUTHORITY

By:
Title:

Debra Kurita
Executive Director

APPROVED AS TO FORM:

Donna Mooney
Assistant General Counsel